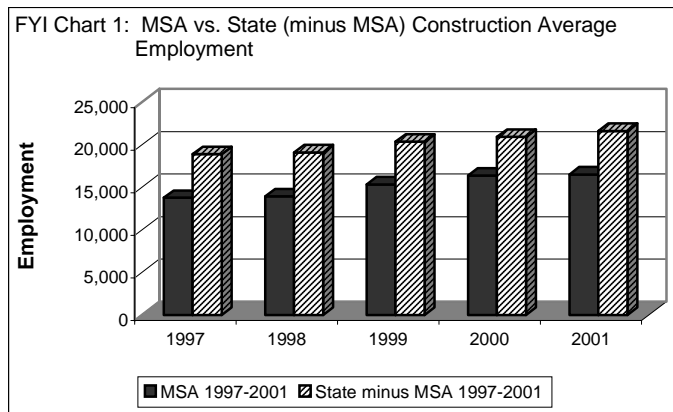


## CONSTRUCTION EMPLOYMENT IN IDAHO

### 1997-2001

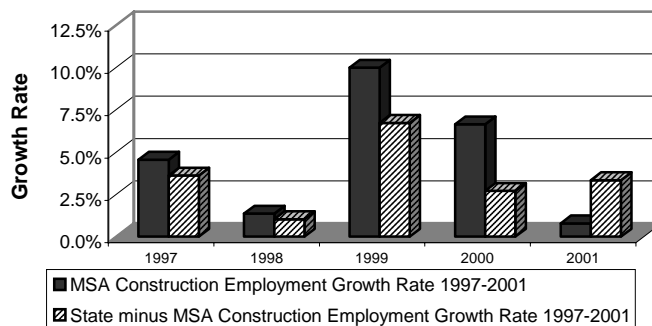
*This is the first article in a series analyzing different aspects of the Construction industry in Idaho.*

The Boise Metropolitan Statistical Area (MSA), which consists of Ada and Canyon Counties, contributes largely to Idaho's construction employment. FYI Chart 1 compares the Boise MSA construction employment to Idaho's construction employment (minus the MSA) for the last five years. The five-year average construction employment in the Boise MSA from 1997 to 2001 is 15,171 employees. The rest of the state of Idaho employed an average of 20,168 construction workers for the same five-year period.



The construction industry in Idaho has experienced steady employment and good growth over the past five years as thousands of construction jobs were created. However, the Boise MSA has grown faster than the rest of the state in each year examined except 2001. FYI Chart 2 shows the annual Boise MSA construction employment growth rate versus the annual construction employment growth rate of the rest of Idaho. In the peak year of 1999, a 10 percent growth occurred in construction employment for the MSA and nearly an 8 percent growth for the rest of Idaho. Ensuing years showed diminishing growth ending with 2001 having only 0.8 percent growth in the MSA while, for the first time in five years, the rest of Idaho outperformed the MSA, posting a 3.3 percent growth.

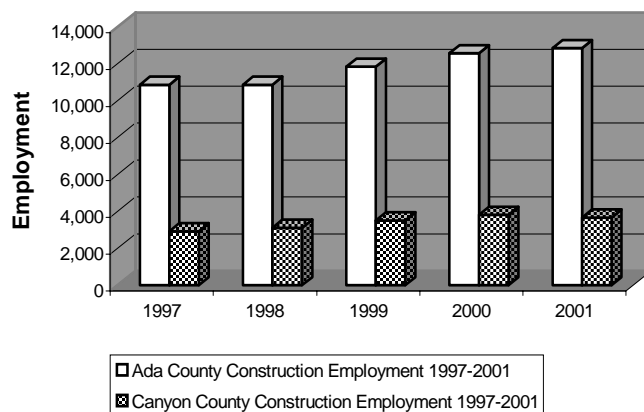
FYI Chart 2: MSA vs. State (minus MSA) Construction Employment Growth Rate



The diminished growth in the Boise MSA for 2001 can be attributed to a decrease in construction employment growth in Ada County and negative growth in Canyon County construction employment. (See FYI Chart 3.)

Despite slowed construction growth in the MSA in 2001, over the five years covering 1997-2001 Idaho has experienced employment growth in the construction industry. However, preliminary data for 2002 indicates the possibility of a lull in Idaho's construction industry.

FYI Chart 3: Ada County Vs. Canyon County Construction Employment 1997-2001



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*See more FYI on page 22*

### DATA ON LABOR FORCE TURNOVER

There are two data series that can provide information on labor force dynamics, such as job openings, hires, and terminations. One is a new survey program conducted by the U.S. Bureau of Labor Statistics (BLS). It is named the Job Openings and Labor Turnover Survey (JOLTS). The other data series comes from the Idaho Department of Labor and is called New Hire Reporting.

#### JOLTS

*The following information is reprinted from a BLS press release dated July 30, 2002, and placed on the bureau's Internet site at <http://www.bls.gov/>.*

A new data survey on job openings and labor turnover was announced recently by the U.S. Bureau of Labor Statistics. These series include estimates of the number and rate of job openings, hires, and separations for the nation, by industry and geographic region. Job openings are a measure of unmet labor demand and can be compared with unemployment, which measures unused labor supply.

Job openings refer to the number on the last business day of the month, and the number of hires and separations are for the entire month. The sample of 16,000 business establishments covers both the private sector and government. Estimates from the Job Openings and Labor Turnover Survey (JOLTS) are not seasonally adjusted, and experience suggests that there is a seasonal pattern to job openings, hires, and separations. Thus, comparisons of JOLTS estimates should be based on the same month in different years (for example, May 2002 to May 2001), and comparisons between consecutive months should not be used as an indicator of trend. In addition, BLS considers the JOLTS estimates to be developmental. See the **Background** and the **Technical Note** sections later in this article for additional information.

This first release of JOLTS estimates covers the period from May 2001 to May 2002 and shows that nationally:

- The number and rate of job openings in May 2002 were substantially lower than a year earlier. On the last business day of May 2002, there were 3.5 million job openings, 2.6 percent of the number of total filled and unfilled positions (employment plus job openings) in the United States. This was down significantly from 4.3 million openings, or a job openings rate of 3.2 percent, in May 2001. (See tables 1 and 2.) Over the same period, the total U.S.

unemployment rate (not seasonally adjusted) rose to 5.5 percent from 4.1 percent a year earlier.

- Over the year ending in May 2002, the largest decline in job openings occurred in construction, where the rate fell from 3.4 percent to 1.9 percent. Large declines also occurred in retail trade, services, and mining. Job openings held relatively steady compared with a year ago in manufacturing and government.
- The pace of hiring also declined compared with a year ago. The hires rate, or the number of hires during the month divided by employment, was 3.7 percent in May 2002, down significantly from 4.3 percent a year earlier. Hires are any additions to the payroll during the month. The hires rate was lower in most industry divisions in May 2002 than in May 2001.
- The total separations, or turnover, rate (the number of separations during the month divided by employment) was 3.1 percent in May 2002, down significantly from 3.7 percent a year ago. Separations are terminations of employment that occur at any time during the month. Total separations includes quits (voluntary separations), layoffs and discharges (involuntary separations), and other separations (including retirements). The quits rate, which can serve as a barometer of workers' ability to change jobs, was down significantly, falling to 1.8 percent in May 2002 from 2.2 percent in May 2001. The rates of layoffs and discharges and other separations were little changed over the year.
- Hires and separations estimates help show dynamic flows in the labor market that net changes in the employment level do not. Over the year ended in May 2002, nonfarm payroll employment declined by 1.4 million. In the same period, 52.3 million hires and 52.9 million separations occurred at U.S. businesses.

#### Background

The Bureau of Labor Statistics has collected job openings and turnover data in the past, but not in a way that covered all industries and the entire nation on an ongoing basis. The new survey collects monthly job openings and labor turnover data from a random sample of 16,000 nonfarm business establishments, including factories, offices, and stores, as well as federal,

state, and local government entities in the 50 states and the District of Columbia.

The data elements collected monthly from each cooperating establishment are: employment for the pay period that includes the 12th of the month; job openings on the last business day of the month; and hires, quits, layoffs and discharges, and other separations for the entire month. The measure of job openings is a one-day snapshot at the end of the month, while the hires and separations measures represent flows of workers into and out of jobs over the course of the full calendar month.

In responding to the survey, employers are asked to report only those job openings for which 1) a specific position exists, 2) work could start within 30 days, and 3) the employer is actively recruiting from outside of the establishment to fill the position. Hires are any additions to the payroll, and separations are any separations from the payroll, including quits, layoffs and discharges, and other separations (retirements or transfers to other locations). For hires and separations, firms are asked to exclude employees returning from or going on strike—employees of temporary help agencies, leasing companies, outside contractors, or consultants—and employees changing jobs within the establishment. Data on employees of temporary help agencies, leasing companies, outside contractors, and consultants are reported by employers in those industries.

Job openings, hires, and separations levels and rates are available for the nation, for the total private sector and nine private industry divisions based on the Standard Industrial Classification (SIC) system, and for the total public sector, with breakouts for the federal government and for state and local government combined. Levels and rates also are published for four geographic regions—the Northeast, South, Midwest, and West. JOLTS industry estimates are scheduled to be converted to the North American Industry Classification System (NAICS) in 2003.

The estimates from the JOLTS program are considered developmental and caution should be exercised in drawing conclusions from them. The sample of establishments selected for the survey was not fully initiated until January 2002, and therefore JOLTS estimates for January 2002 forward are based on more survey responses. In March 2002, BLS procedures for collecting hires and separations data were revised to address possible underreporting. As a result, JOLTS hires and separations estimates for months prior to March 2002 may not be strictly comparable with estimates for March 2002 and later.

### **Uses of the Data**

As the monthly JOLTS time series grow longer, their value in assessing the business cycle, the difficulty that employers have in hiring workers, and the extent of the

mismatch between the unused supply of available workers and the unmet demand for labor by employers will increase. Of particular interest will be the study of the complex relationship between job openings and unemployment. While these two measures are expected to move in opposite directions over the course of the business cycle, their relative levels and movements depend on the efficiency of the labor market in matching workers and jobs.

Along with the job openings rate, trends in hires and separations may broadly identify which aggregate industries face the tightest labor markets. Quits rates may provide clues about workers' views of the labor market or their success in finding better jobs. In addition, businesses will be able to compare their own turnover rate to the national, regional, and major industry division rates.

Hires and separations estimates cannot completely explain net changes in payroll employment. Research shows that some reporters systematically underreport separations relative to hires due to a number of factors, including the nature of their payroll systems and practices. The shortfall appears to be about 2 percent or less over a 12-month period. Other reasons why it is problematic to compare changes in payroll employment with hires and separations, especially over short-term periods, are: 1) the reference period for payroll employment is the pay period including the 12th of the month, while the reference period for hires and separations is the calendar month; and 2) payroll employment can vary from month to month simply because part-time and on-call workers may not always work during the pay period including the 12th of the month.

### **Future Releases**

BLS plans to update the job openings, hires, and separations series from the JOLTS survey on its website during the last week of each month. Estimates for June 2002 are scheduled for release August 30, 2002. In future months, please refer to the BLS Web site at <http://www.bls.gov/jlt/> for updates of the JOLTS series.

### **NEW HIRE REPORTING**

Beginning October 1, 1997, all Idaho employers must report all new hires to the Idaho Department of Labor within 20 days of the new worker's hire date. The purpose of this requirement is to assist in the collection of child support payments, thereby reducing the need for state-assisted child support.

This reporting requirement provides some additional labor market information. While it is not known how long the new employee's period of employment is expected to be and not all employers comply with the requirement, the data is illustrative of labor demand and labor market trends.

FYI Table 1 summarizes the annual new hire totals and provides some context by including average annual employment and the average annual unemployment rate. For these four years, new hires were 30-40 percent of total employment. However, there does not appear to be a strong association with the unemployment rate. The unemployment rate is considered to be one of several indicators of overall economic conditions, but it is a ratio calculation, not a nominal number as is the new hires.

It is now thought that there were signs as early as March 2001 that the Idaho economy was slowing down. As FYI Table 2 shows, the number of new hires increased in the second quarter (April-June 2001) by 16 percent. There was significant numerical drop-off in the first two quarters of 2002 as compared to the same period on 2001 although there was a 24 percent increase in new hires from the first quarter to the second. This might reflect the notion that employment increase is a lagging indicator of economic recovery; but, within Idaho, employment opportunities continued to expand, although the jobs count remained below the 2001 levels.

FYI Table 1: Idaho New Hires, 1998-2001			
	New Hires	Total Employment	Unemployment Rate
1998	245,662	620,217	5.0
1999	238,346	617,393	5.2
2000	229,452	625,798	4.9
2001	198,042	648,392	5.0

FYI Table 2: New Hires First 2 Quarters, 2001 & 2002		
	2001	2002
First Quarter	46,540	36,618
Second Quarter	54,188	45,366

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## PANHANDLE — (Continued from page 8)

### Kootenai County (cont.)

- Medical doctors Ronda Westcott and Jean Prince recently opened Lakeside Pediatric & Adolescent Medicine PLLC, a clinic at 1111 West Ironwood Drive in Coeur d'Alene. The Ironwood area surrounding Kootenai Medical Center (KMC) contains 134 health care providers, employing about 3,000 people including the 1,520 people employed at KMC. Almost half of those businesses started operating during the last 10 years. Health care providers in other parts of Kootenai County number 116 and employ slightly more than 700 people.
- Downtown Coeur d'Alene attracted some new businesses this summer. Railhead Ranchwear, featuring furniture hand-crafted by owner Todd Schild, will open at Fifth and Sherman in the next few weeks. The furniture gallery sells furniture, including leather, flooring, and wallpaper. At 517 Sherman Avenue, it's Christmas year round since Christmas at the Lake opened there. The store features Christmas decorations and collectibles, and also sells items for Halloween, Easter, and other holidays, depending on the season.
- Coffee Shots, a new business at 520 Best Avenue in Coeur d'Alene, offers arcade games and refreshments including coffee drinks, pizza, burgers, soups, and pastries. Owners George and Christine May want it to be a "good place for youth to hang out and feel safe."

- The U.S. Department of Agriculture Rural Development Project recently guaranteed a \$220,000 business loan for O'Malley's Sport Pub & Grill in Rathdrum so it can expand. After the expansion, O'Malley's will hire two more workers, bringing its employment to 20.
- Tim's Cut Meats recently opened in a 10,000-square-foot building at 7397 Government Way in Dalton Gardens. Owner Tim Brannen and seven employees run the butcher shop.

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